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SUBJECT: DEMARCHE DELIVERED ON U.S.-EU SECOND STAGE AIR

TRANSPORT NEGOTIATIONS

REF: STATE 9584

11. (U) EconOff delivered the demarche on U.S.-EU Second Stage Air Transport Negotiations. Post first spoke with Aldo Sansone, director general for airports an air nagivation at the Ministry of Transportation and Infrastructure. Sansone suggested that the demarche be delivered to M. Cristina Francolini, Manager of International Relations in Sansone's division and member of the negotiating team that will be in Madrid for the U.S.-EU Second Stage Air Transport Negotiations. EconOff delivered the demarche to Francolini and Andrea De Cesare, who will also be on the negotiating team. They were in agreement with the substance of the demarche.

- 12. (SBU) Francolini said they agreed that both sides need to be "realistic and pragmatic" about the negotiations. She said they recognize that both the environmental regulations (i.e., noise-related restrictions) and the ownership of U.S. carriers are tough issues. She said that it is important to complete the Second Stage negotiations and to have an agreement by the end of this year. She added that we cannot go backwards and that compromise will be needed to come to an agreement.
- 13. (SBU) Francolini said that Italy understands that there won't be a change to U.S. legislation on ownership of air carriers at this time. She said that there will always be a chance to discuss this issue in the future, after the Second Stage negotiations have been completed. She said, "Not everything can be done in this moment, but we can't throw away everything done until now, or it will become an endless process."
- 14. (U) Francolini furthermore said that Italy appreciates the fact that the U.S. wants to maintain bilateral communication with the national authorities.

 DIBBLE